

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

NOTICE OF MARKET-DOMINANT
PRICE ADJUSTMENT

Docket No. R2018-1

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO CHAIRMAN'S
INFORMATION REQUEST NO. 4**
(October 25, 2017)

The Postal Service hereby files its response to Chairman's Information Request (CHIR) No. 4, issued on October 23, 2017. Each question is stated verbatim and followed by the response. The response to Question 2 contains nonpublic information that is redacted in this public version of the response. A nonpublic version of this response is being filed under seal, and the Postal Service incorporates by reference the application for non-public treatment that it included as Attachment 1 with its filing of Library Reference USPS-LR-R2018-1/NP1.¹

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

/s/ David H. Rubin

James M. Mecone
David H. Rubin

¹ Notice of the United States Postal Service of Filing of USPS-LR-R2018-1/NP1, Docket No. R2018-1, October 6, 2017.

475 L'Enfant Plaza, SW
Washington, D.C. 20260-1137
(202) 268-2986
David.H.Rubin@usps.gov

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 4**

1. Please refer to Library Reference USPS–LR–R2018–1/1, October 6, 2017, Excel file “CAPCALC-FCM-R2018-1 Rev 10_19.xlsx,” tab “Single-Piece Flats.”
 - a. Please confirm that the Keys and ID Devices additional ounces reported in row 12 reflect those additional ounces from pieces weighing more than 4 ounces. If not confirmed, please explain why ounces from pieces weighing less than 4 ounces are included.
 - b. Please explain how the additional ounces specific to Keys and ID Devices are calculated from the additional ounces reported for First-Class Parcels in the Billing Determinants.

RESPONSE:

- a. Not Confirmed. Docket No. R2017-1 changed the threshold for counting additional ounces in all of Retail Parcels, including Keys and ID Devices, from 3 ounces to 4 ounces, effective January 22, 2017. Therefore, Keys and ID Devices weighing between three and four ounces were included as additional ounces in the portion of the Hybrid Year between October 1, 2016 and January 21, 2017. For the record, there were 2,873 Keys and ID Devices weighing between three and four ounces included in the additional ounce totals for the Hybrid Year.
- b. While the additional ounces specific to Keys and ID Devices are included in the additional ounces reported for First-Class Mail Parcels in the Billing Determinants, they were not calculated from those figures. Rather, the additional ounces specific to Keys and ID Devices were calculated using observed piece characteristics from the ODIS RPW Sample independently from the calculations of additional ounces for other Retail Parcels. The Billing Determinants combine all types of Retail Parcels additional ounces into one volume cell, but the additional ounce counts for just Keys and ID Devices were used separately for this price adjustment because Keys and ID Devices were moved to the First-Class Mail Flats product in Docket No.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 4**

MC2015-7, effective September 3, 2017. The remaining additional ounces have been moved to First-Class Package Service.

The data used to calculate the Keys and ID Devices additional ounces for the hybrid year are filed with this response in "Addl Ounce Calc - Keys + ID Devices". These data come from Special Weight Reports used for additional ounce calculations for Billing Determinants. The file shows the derivation of the Keys and ID Devices additional ounce figures presented in "CapCalc-FCM-R2018-1 Rev 10_19.xlsx", tab "Single-Piece Flats", cells C12 through G12".

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 4**

2. The Commission's rules require the inclusion of "[m]ail volumes sent at rates under a negotiated service agreement . . . in the calculation of [the] percentage change in rates . . . as though they paid the appropriate rates of general applicability." 39 C.F.R. § 3010.24(a). The Commission's rules exclude mail volume sent under a negotiated service agreement when it is impractical to identify the rates of generally applicability. *Id.* The Postal Service states that "ePacket volume is excluded from the Inbound Letter Post cap calculation because it is impractical to identify the rates of general applicability for that volume."²
- a. Please provide justification for the Postal Service's statement that it is impractical to identify the rates of general applicability for that volume.
 - b. Please explain why the terminal dues rate for E format international letter post would not be the rate of general applicability for ePacket volume.

RESPONSE:

- a-b. ePacket volume involves mail preparation, separation, data sharing, and labeling requirements that enable more efficient processing, tracking, and other features unavailable for items sent through E format international letter post or other inbound international products. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] The terminal dues rate for E format international letter post is not the rate of general applicability for ePacket volume because E format international letter post does not include the same

² Response of the United States Postal Service to Chairman's Information Request No. 1, October 19, 2017, question 3.c.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 4**

requirements and features offered by ePackets, including tracking, labeling, and
sortation [REDACTED].

Further, due to the importance of tracking to existing ePacket volume (which is
largely associated with e-commerce), it is believed that many of these items
would not have been shipped through E format international letter post.